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BEFORE
THE PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA

DOCKET NO. 2001-411-E

IN RE: Application of Greenville County Power, LLC for a Certificate of Environmental Compatibility and Public Convenience and Necessity	)))))	**Direct Testimony of Ron Kiecana**

Q. Please state your name and business address.

A. My name is Ron J. Kiecana. My business address is 9405 Arrowpoint Boulevard, Charlotte, North Carolina 28273.

Q. By whom are you employed and in what capacity?

A. I am employed as the Director of Fuels and Project Development at Cogentrix Energy, Inc. Cogentrix Energy is the parent company of Greenville County Power, LLC.

Q. Please describe your educational background and professional experience.

A. I received a Bachelor of Science Degree, Finance, from Bradley University and have been employed in the power and fuels industry for eleven (11) years.

My responsibilities with Cogentrix include the development and implementation of fuel plans for electric generating facilities and to assist in identifying and developing sites for electric generating facilities.

Prior to my employment with Cogentrix, I was employed as Manager of Fuel

Services for Indeck Energy, where I was responsible for managing fuel for operating electric generating projects.

Q. What are your responsibilities with regard to the Greenville County Power Project?

A. My responsibilities with regard to the Greenville County Power Project include the negotiation of Transco transportation agreement(s), the gas interconnection agreement, the alternate fuel connection with Colonial Pipeline (if any), and some land and easement transactions.

Q. What is the purpose of your testimony in this proceeding?

A. The purpose of my testimony is to present the Commission an overview of fuel procurement strategy for the proposed Greenville County Power, LLC ("Greenville") electric generating project. Specifically, I will address transportation of natural gas to South Carolina and the Greenville County Power project, strategies for acquisition of gas transportation, and the significance of having secondary fuel capability at a project like Greenville County Power.

Q. **Mr. Kiecana, what types of fuel will be used at the Greenville County Power Project?**

A. Greenville County Power will primarily use pipeline quality natural gas. On a secondary basis, low sulfur No.2 oil may be used up to 720 hours per year from December 1 through February 15.

Transco's gas pipelines are adjacent to the site property and flow on average 3.0 billion cubic feet per day (Bcfd) of gas. Total deliverability is close to 7.0

Bcfd. Greenville County Power will require less than 5% of Transco's current pipeline average flow. Greenville County Power is in negotiations with Piedmont Natural Gas on a Natural Gas Services Agreement that will address the interconnection of the project to the Transco pipeline system.

Q. **What type of natural gas service will Greenville County Power require?**

A. Greenville County Power will require up to approximately 150,000 MMBtu per day of peak gas service. Average daily usage will be significantly lower. The type of gas service that will be required by Greenville will likely vary based upon whether Greenville or a toller ultimately becomes responsible for delivering gas to the project and selling energy from the project. This likely variation in natural gas service results from differences in risk profiles, existing transportation assets on Transco, existing transportation and storage assets elsewhere in the east, and gas supply ownership and respective location.

Q. **Has Greenville County Power contracted for any Transco transportation?**

A. No, we have not contracted with Transco for existing pipeline capacity. At this point in the development of the project, we cannot determine definitively what quantities of firm and interruptible transportation capacity Greenville Power and/or its designated toller will contract for with Transco in the future. Transco is a fully subscribed pipeline, meaning that there is no unutilized firm transportation capacity available for purchase on a long-term basis. Because of this, I believe that Greenville Power, or its selected tolling party, will have

to contract for some quantity of forward haul firm transportation service to serve the plant by contracting for capacity through a project expansion of the Transco System. The final quantity of firm transportation service will be determined at a future date when the project business structure is finalized.

Q. Mr. Kiecana, how will Greenville County Power or the toller secure its firm transportation requirements if there is no firm transportation currently available on Transco?

A. The Transco pipeline is currently a fully subscribed pipeline, but from time to time Transco does have existing forward haul firm transportation capacity available into the Piedmont area of South Carolina that may be contracted for by Greenville or its toller. This occurs through a secondary market mechanism, release capacity, or through the pipeline expansion process. Given the demand for firm transportation along the Transco system, I do not believe that there will be much firm capacity available for purchase from Transco or from a releasing shipper. Accordingly, contracting for existing capacity will most likely not be a reliable method for securing any firm transportation requirements. A better alternative is to commit to new pipeline capacity that will be developed by Transco through an expansion of its system. Transco has had a strong history of successful pipeline expansions. A third alternative would be to use existing backhaul transportation on the Transco system. Almost all the time, Transco has existing backhaul transportation capacity that also may be contracted for by Greenville County Power or its toller. We are confident that backhaul transportation service will

be a component of the overall fuel supply portfolio, but we do not yet know how significant a component this may be due to changing northeast gas supply pricing.

Q. Does Transco plan on having an expansion of its system?

A. Yes, in June of this year Transco introduced its Cornerstone Expansion and requested interested parties to submit a nomination for transportation capacity. Greenville County Power is a participant in Transco's Cornerstone Open Season expansion project for a nominated maximum daily quantity of 140,000 MMBtu per day. Greenville County Power entered into negotiations with Transco on a Precedent Agreement this month and expect to conclude negotiations in December 2001. This firm transportation capacity resulting from the Cornerstone Expansion could be used by either Greenville County Power or by its selected toller through assignment.

Q. Why secure capacity now for a project not scheduled for operation until 2004?

A. At this time, Transco anticipates forward haul Cornerstone Expansion capacity to be available in the second quarter of 2004. Transco will need to file for a certificate with the Federal Energy Regulatory Commission (FERC) for approval of the Cornerstone Expansion and they are on schedule to make this filing in the 1st quarter of 2002. We feel it is important to "pre-position" the Greenville County Power project by beginning the pipeline expansion process with Transco well in advance of scheduled operation so

there is sufficient time to work through the regulatory process and complete construction.

Q. Have there been other Transco expansions, and were they successful?

A. Yes, Transco has a strong history of successful pipeline expansions. Recent Transco expansion projects that have been announced and/or constructed are as follows:

Name	MMBtu/d	In-Service
SE 94	35,000	November 1994
SE 95	115,000	November 1995
SE96	55,000	November 1996
Sunbelt	145,666	November 1997
South Coast	204,099	November 2000
Sundance	236,383	May 2002 (projected)
Momentum	526,000	May 2003 (projected)
Cornerstone	Not final	May 2004 (projected)

In the event there is a delay in making incremental capacity available to Greenville County Power, a firm or interruptible backhaul could be used on an interim or permanent basis. This type of transportation capacity would be available to Greenville County Power immediately.

Q. How will Greenville County Power's secondary fuel be used?

A. Greenville County Power's secondary fuel, No. 2 low sulfur distillate oil, will be used as a back-up to natural gas service. More specifically, secondary fuel will be used in the remote circumstance that natural gas service becomes unavailable to the project due to an operating condition and during peak periods when gas demand is especially high, typically during the winter months. By installing and being capable of using secondary fuel, Greenville will dampen the shock of peak demand for gas users in South Carolina and

enable more efficient use of existing Transco transportation capacity. In summary, the installation of secondary fuel capability at the Greenville project will add to the peak demand transportation deliverability on the Transco system, at no expense to Transco or its ratepayers.

Q. What impact will Greenville County Power have on the deliverability of natural gas to South Carolina?

A. I believe the impact on natural gas deliverability will be positive. If the Greenville County Power project is constructed, there will likely be some quantity of firm transportation capacity added to the Transco system. This additional capacity is expected to increase operational flexibility and enhance an already reliable system. Also, Greenville County Power's installation of secondary fuel capability will increase peak demand deliverability for the South Carolina delivery area.

Q. Does this conclude your testimony?

A. Yes, it does.

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IN RE: Application of Greenville County Power, LLC for a Certificate of Environmental Compatibility and Public Convenience and Necessity	))))	**Direct Testimony of Chip Olsen**

Q. What is your name and your position with Cogentrix?

A. My name is Chip Olsen and I am employed by Cogentrix as Vice President of Development. My business address is Cogentrix Energy, Inc., 9405 Arrowpoint Boulevard, Charlotte, North Carolina 28273-8110.

Q. What are your job responsibilities?

A. My duties as Vice President of Development include, as the title implies, responsibilities associated with the development of new facilities for the company. Those facilities may include new plants such as Greenville County Power, LLC, or facilities that our company has acquired through its merger with other companies or through the acquisition of other companies or facilities owned by others. I am currently responsible for a number of projects located all over the United States. I also serve as the Project Manager for the development of Greenville County Power, LLC, the plant that is the subject of these proceedings.

Q. What is your educational and work background?

A. I received my undergraduate training and received a Bachelor of Science degree in Mechanical Engineering from the United States Merchant Marine Academy. I have

fifteen years experience in the energy field having worked for the Department of Defense, specializing in power plants for nuclear submarines. I then went to work for ten years with Wheelabrator Technologies, Inc., concentrating my efforts in the area of transforming solid waste into electrical energy. I next worked for US Generating, a subsidiary of Pacific Gas & Electric, for two years in which I helped develop new power facilities for them. For the past two years, I have been employed by Cogentrix in Charlotte.

Q. Who is Cogentrix?

A. Cogentrix Energy, Inc., is a company specializing in the responsible development and operation of electric generating facilities that produce electricity for the wholesale market. The electricity is sold under contract to companies that, in turn, provide power to the retail market. With corporate headquarters in Charlotte, Cogentrix has interests in 28 facilities in 14 states and internationally, with a total generating capability of more than 7800 megawatts. Five of these plants are currently under construction. Cogentrix also has projects totaling more than 10,000 additional megawatts in active development throughout the United States.

The company was founded in 1983, and is one of the truly independent electric power producers in the United States. It ranks fourth on the list of companies that are responsible for more than 50% of the power projects either under construction or recently beginning commercial operations in the country. The next project to come on line is the Jenks, Oklahoma, facility which is similar in most respects to the plant proposed for Greenville County. A copy of the latest Annual Report of Cogentrix is attached as Exhibit 1 to my testimony.

At Cogentrix, our motto is "A Tradition of Excellence" and that is a motto that we stand behind. It is our commitment to excellence that drives my company to meet or exceed the precise technical requirements, time frames, cost demands, reliability expectations, and environmental concerns of not only our customers, but our neighbors and the public at large.

Q. **What is the relationship of Greenville County Power, LLC, and Cogentrix Energy, Inc.?**

A. Greenville County Power is a wholly-owned subsidiary of Cogentrix Energy, Inc., which is headquartered in Charlotte, North Carolina.

Q. **What is the purpose of your testimony?**

A. The purpose of my testimony is to support Greenville County Power's Application for a Certificate of Environmental Compatibility and Public Convenience and Necessity to construct and operate a generating plant for the production of electricity in Greenville County, South Carolina, and to answer any questions regarding the design and expected operations of the facility. In my testimony, I will describe how Cogentrix Energy decided to build a facility at this location. I will also describe the proposed Greenville County Power generating facility, how it will be operated, and how it can benefit Greenville County.

The company witnesses who will follow me will describe the environmental aspects of the facility and the steps Greenville County Power has taken to assure a reliable source of natural gas for the facility without adversely affecting the supply or price of natural gas to South Carolina Consumers.

Q. **What is the nature of the Greenville County Power project?**

A. Greenville County Power, LLC proposes to construct and operate an electrical power generation facility with a nominal generating capacity of approximately 810 megawatts (MW) in Greenville County, South Carolina. This facility will be located near the intersection of SC Highway 418 and Fork Shoals Road in Greenville County.

The facility will consist of three combined-cycle combustion turbine generators (CTGs), each matched to a heat recovery steam generator with duct burners. Other air emission source equipment will include three fuel preheaters, one auxiliary boiler, three cooling towers, one standby diesel generator, and a diesel fire water pump. The CTGs will be fired with natural gas with distillate fuel oil as backup. The natural gas will be supplied from the Transco Pipeline that crosses the property where the project is being built, and the distillate fuel will be supplied from the Colonial Pipeline which also crosses the property. Greenville County Power is also designing an unloading area for truck shipments of distillate fuel. A fuel storage tank with a capacity of 1.2 million gallons is also a part of the project. The project will utilize the latest in environmental control technologies to control the emissions and discharges from the facility. The environmental issues are being reviewed by DHEC at the present time and we expect permits to be issued soon.

Q. How will the Greenville County Power facility be connected to transmission lines?

A. The facility will interconnect with existing 500 kV transmission lines of Duke Energy, which are located across Fork Shoals Road from the project site. Interconnection will be provided by a single circuit bus line between the generating

station and Duke Energy's Harrison Bridge Switching Station. Duke is currently designing and plans to construct the Harrison Bridge Switching Station to support interconnection of the Greenville Generating Company, LLC, facility approved by the Commission in March 2001. The Harrison Bridge Switching Station design will be modified to accommodate an interconnection from Greenville County Power.

Q. How will the Greenville County Power project fit into the Duke system?

A. Through its interconnection to the Duke Power transmission line system, the Greenville County Power project will add approximately 810 MW of needed generating capacity to the South Carolina electric systems. Electric utilities serving South Carolina include the investor-owned utilities Duke Energy, Carolina Power and Light Company, and South Carolina Electric and Gas Company and the State-owned utility, South Carolina Public Service Authority. These four utilities serve approximately 95% of the total electric load in South Carolina, with various cooperative and municipal systems serving the remainder. Duke and CP&L also serve the majority of electric loads in North Carolina. All of these utilities, when combined with other electric utilities in North Carolina and Virginia, comprise the VACAR sub-region (Virginia and the Carolinas) of the Southeastern Electric Reliability Council (SERC).

The sub-regions of SERC have recently experienced some of the highest economic and population growth in the eastern half of the United States. Since 1996, electric loads in SERC have grown at approximately 2.8% annually, with the VACAR sub-region experiencing the highest growth in the region at 3.2%. Loads forecast by electric utilities in the region are expected to maintain a relatively high average

annual growth of approximately 2.5% through 2010. Based on the most recent Regional Electric Supply and Demand Projections (EIA-411) report filed by the electric utilities in the SERC region, dated June 15, 2001, anticipated growth in peak demand, when combined with planned generating unit retirements and re-rating and planned firm purchases and sales, will create a need for over 38,000 MW of new capacity in SERC by 2010, with over 17,000 MW of this capacity being needed in VACAR.

In order to satisfy this need for future generating capacity, utilities throughout the region are planning a number of generating projects, with these projects currently in various stages of development. Committed resource plans by electric utilities in VACAR are projected to satisfy only about 30% of the total need by 2010, resulting in approximately 12,000 MW of future capacity need for which resources have not yet been designated or committed. Independent project developers like Greenville County Power have stepped in to develop generating projects to fulfill the future need not currently satisfied by planned utility projects. However, even once non-utility generation projects are considered, approximately 2000 MW of future capacity needs remain unmet in VACAR by 2004, increasing to approximately 9800 MW by 2010. The Greenville County Power facility can help satisfy a portion of this future need.

Q. Please describe your activities regarding Greenville County Power, LLC.

A. As Project Manager for the Greenville County Power project, my duties began with an analysis of the transmission line capacity and usage in the VACAR region. Our first inquiry is whether or not the region being studied has a need for additional

electric generative capacity. I studied electric power flows and determined which of the electric transmission lines in the region were underutilized and had extra capacity. I then overlaid those available transmission lines with locations that had access to a natural gas transmission line. This analysis led me to six potential locations in the VACAR region to examine more thoroughly.

I then followed our company's standard practice of securing options on the sites, working closely with community leaders and residents, and consulting with our customers and regulatory authorities. Our goal in this process is to resolve the financial, environmental and local community issues that are present at all sites as quickly as possible. These inquiries included determining whether the potential locations had (1) access to existing electric transmission lines; (2) access to an existing gas supply system; (3) acceptable land use patterns in the vicinity of the proposed site; (4) site constructability; (5) availability of a water supply for cooling and a water discharge source; (6) site access; and (7) the availability of the land.

The Greenville County site, as well as one in Virginia, met all of the criteria listed above. First, there is an existing 500 KV line operated by Duke Power Company that crosses the property in question. Second, Transco has a natural gas pipeline that crosses the property. Also, the Colonial Pipeline will supply the distillate fuels called for in the project plans. Third, the land use patterns in the area of the site were compatible with our planned use of the property. Fourth, the site has all of the physical characteristics needed to construct the plant. For example, the building site is located 60 feet below the grade of the road fronting the property and the site is surrounded by 120-foot tall trees. This topographical feature minimizes the visual

impact of the site to the general public. Fifth, the needed process water supply is available through the Western Carolina Regional Sewer Authority plant on Mauldin Road, as well as potable water through the Greenville Water System. The accessibility of the Reedy River provides a venue for discharging process wastewater from the plant. Sixth, the road access to the plant is excellent, and as I became personally involved in the securing of options to buy the land, I found that the necessary land was available.

In sum, the Greenville County site satisfies all of the physical and technical criteria that we set for our projects. In addition, we commissioned a fatal flaws analysis that encountered no significant environmental problems that would make the issuance of the necessary permits by DHEC difficult to achieve. Lastly, we have conducted community informational meetings in the Jenkins Estates and Harrison Hills subdivisions. Everyone in those neighborhoods was invited to these meetings. Though we did not satisfy the concerns of all of those who appeared, we are confident that the questions of the majority were satisfactorily answered. A copy of the handouts used at those meetings is attached as Exhibit 2 to my testimony.

Q. What steps in the process of developing this project have you completed?

A. We have options to purchase the land necessary to build the project. We have purchased the gas turbines that will be installed at the Greenville facility. Those gas turbines, by the way, will be manufactured at the General Electric facility in Greenville County. We have obtained the necessary zoning that will permit the construction of the plant. We have engaged environmental consultants to assist us with the DHEC permitting process, and permit applications have been submitted.

Our consultants and our company are currently working with the DHEC staff on the details of those permits. We have applied for and are in the process of negotiating a fee in lieu of taxes with the Greenville County Council and its staff, and this application with the South Carolina Public Service Commission is pending. Lastly, the studies performed by Duke Power Company to ensure that our facility will not have an adverse impact on the reliability of their transmission system have been completed.

Q. How do you know that the existing Duke Power system will not be adversely affected by your project?

A. The studies done by Duke Power Company on this subject show that the upgrades that will be necessary and will be paid for by Cogentrix actually increase the reliability of their transmission line system. The Duke System Impact Study (attached to my testimony as Exhibit 3), the Interconnection Study (attached to my testimony as Exhibit 4), and the Generator Facility Study (attached to my testimony as Exhibit 5) have all been completed. The cost of the upgrades to the Duke System is approximately $10 million, an obligation of Cogentrix, not the ratepayers of the Duke System or the citizens of South Carolina.

Q. Are the concerns expressed by Greenville County citizens any different than those raised at the other facilities constructed by your company?

A. No, the pattern of questions and concerns is the same throughout the country. Let me take a few moments to outline the typical concerns and the answer to those concerns.

Q. Will the plant be unsightly?

A. No. As I have testified earlier, the actual building will be located approximately 60 feet below the grade of Fork Shoals Road, the roadway fronting the property. The site is surrounded by 120-foot tall trees, making the actual building and the attendant stacks nearly invisible from the road. There are nine computer-generated photographs depicting the Greenville County plant superimposed on the actual site. At six of the locations, the plant cannot be seen at all, and on the other three, there is a limited view of the buildings. These photos are also a part of the record before the Commission and they graphically demonstrate that the visual impacts from this site, if any, are acceptable.

Q. How much light can be expected from the plant site?

A. Plant lighting in outdoor areas will be minimized, but will be provided in accordance with applicable laws and regulations for safe access. The use of floodlighting will be kept to a minimum. Directional and shielded lighting will be used to minimize the "broadcast" of light into the area surrounding the site. If allowed by regulation, lighting in areas that could be viewed from off-site will be switched to enable the light to be turned off when not required.

The topography of the selected site will allow the plant to be located at levels significantly below adjoining road levels so light levels near the plant site are not expected to be great.

Q. Will the plant be loud?

A. No. First, the facility will be designed and constructed to meet all local and state regulations for the control of noise. Our studies at similar plants within the Cogentrix system have shown that the anticipated sound level from the facility when

operating is expected to be approximately 65 decibels (dBA) at a distance of 400 feet from the operating equipment. This level of sound is equivalent to the sound levels heard by a passenger inside a car traveling 35 miles per hour, or the noise associated with a refrigerator in one's home. The distance from the Greenville County Power plant to the property line will be greater than 400 feet, so the noise associated with the operation of the plant would be less than 65 dBA at the closest offsite point where someone might hear the plant.

Q. Will land values go down?

A. No, and we have the experience to show it. Concerns in this area were initially raised by neighbors of the proposed Jenks, Oklahoma, plant two years ago. Remember that the Jenks facility is virtually identical to the proposed plant for Greenville County. Cogentrix commissioned a local real estate firm to investigate the market for new homes and the resale of existing homes within a five square mile area around the Jenks plant. This investigation looked at the market from a time period two years before the project was announced through March of 2001. The results were that there were no negative impacts on property values and there was no slow down in the sales of homes or property in the vicinity of the plant. A copy of this study is attached as Exhibit 6.

Q. What about air pollution and air quality around the proposed plant?

A. First, the visible emissions from the plant would be only in the form of a water vapor plume from the cooling towers or stacks. The visibility of this plume will be a direct result of the atmosphere's ability to absorb moisture at any given time. For example, during periods of cool, damp weather, there will be a visible water vapor plume. For

most other periods, the visible plume will be minimal. Steps will also be taken in the operation of the plant to minimize the visibility of this water vapor.

Other than water vapor, it is important to recognize that the project will primarily use clean-burning natural gas and will therefore produce the same types of emissions, but in higher quantities, as are typical from residential natural gas stoves and furnaces. The project will use the Best Available Control Technology to control these emissions from the plant. These will include the use of dry, low-Nox burners in the combustion turbine, and post-combustion selective catalytic reduction (SCR) for the control of NO_x emissions.

The addition of the Cogentrix facility to Greenville will generate approximately 372.5 tons of NO_x per year when burning natural gas. While this number at first blush seems large, it pales in comparison to the 71,632.54 tons per year of NO_x generated in the five-county area that forms the I-85 corridor.

The primary use of natural gas as a fuel, combined with the combustion and post-combustion environmental controls installed within the facility, will make the plant one of the cleanest power generation facilities in the Southeast and among the cleanest in the world. This is also the environmental commitment of Cogentrix – to meet or exceed any and all regulatory requirements imposed upon the plant by DHEC or any other regulatory body. The details of the air quality permit applied for by Cogentrix have yet to be finalized by the DHEC staff. However, this Commission can rest assured that Cogentrix will meet or exceed those permit limits and that DHEC has the statutory and regulatory authority to ensure that the requirements will be met.

Q. Will the Reedy River be adversely impacted?

A. No. We believe that the overall effect of the Cogentrix facility will benefit the water quality in the Reedy River.

The plant will require both potable and process or cooling waters. The process water will be used for boiler makeup, cooling tower makeup, and plant services. The expected use will average approximately 4.5 million gallons per day (MGD) with a maximum daily amount of approximately 8.0 MGD. This water will be provided through a combination of treated effluent from the Western Carolina Regional Sewer Authority plant on Mauldin Road and of potable water purchased from the Greenville Water System. Cogentrix is currently negotiating the terms of the water purchase agreements, but several items have become clear.

The effluent from the Mauldin Road facility is currently being discharged into the Reedy River. Once an 8-mile-long pipeline is completed to connect the Mauldin Road facility with the Cogentrix plant, that effluent will be diverted through the pipeline to Cogentrix where it will be further treated, used as makeup water, and then treated again and discharged back into the Reedy River. During drought or arid conditions, or under conditions where the required amount of effluent is not available, the plant will have the flexibility to augment the effluent by purchasing potable water from the Greenville Water System, thereby discharging even cleaner water to the Reedy. This plan is consistent with the goals of the WCRSA to reuse the wastewater within its system and also to improve the water quality in the Reedy River. It also benefits Cogentrix in that it has two sources of process water to choose from as conditions warrant. Moreover, the plan benefits the public in that the

pipelines and other upgrades to the water system and the WCRSA systems will be paid for by Cogentrix. Those upgrades will increase the reliability of those systems and will also permit those entities to offer upgraded and improved service to their existing and new customers.

Again, Cogentrix has applied for and is working with DHEC on the specific terms of the NPDES discharge permit for the facility. The Commission can be assured that Cogentrix will meet or exceed those permit limits and that DHEC has the statutory and regulatory authority to enforce those limits.

Q. Will our electric power rates go up as a result of this project?

A. No. If anything, the addition of generating capacity will increase the supply of electricity and tend to keep the costs down. The results of the study performed by the R. W. Beck Company on the need for additional electric generating capacity in the VACAR region is clear – there is a need for it and the Cogentrix facility will help fill that need.

Q. Will the project impact residential natural gas pricing or the availability of residential natural gas?

A. No. There are adequate gas supplies and transportation available for the project without affecting residential gas pricing and availability. There is an existing natural gas pipeline on the project site. We expect gas supplies to steadily increase in the gas producing regions and as the economy moderates, both demand for gas and the price of that gas are expected to moderate as well.

Q. Is the Cogentrix project needed?

A. A study performed by the R. W. Beck Company is a part of the record before this Commission and that study concludes very clearly that there is a pressing need for facilities like the one proposed by Cogentrix. Duke Power has endorsed the concept of merchant power plants that can supply their electrical needs without Duke having to make the capital investments necessary to create all of their own generating capacity. In the case of a merchant power plant like Cogentrix, the investors of Cogentrix are taking the risks associated with constructing a power plant, not the ratepayers of the Duke Power Company. If the project turns out not to be viable or loses money, that loss would not fall on the ratepayers of Duke Power.

Q. What about the Orion Project and the others lined up behind Cogentrix in the Duke Power Queue?

A. Pursuant to the regulations of FERC, Duke Power has established a queue at its interconnect location in the Fork Shoals area. Greenville Generating Company, a company whose Certificate to operate a peak generating facility was granted by this Commission in March of 2001, is number one in the Queue. Cogentrix is number two, while Orion is number three, and so on. The place in the Queue is important because the competing companies must pay for any upgrades to the Duke system that will be necessary by their connection to the line. The cost to Cogentrix as number two will be $10 million. The estimated cost of Orion should be much higher, thereby possibly making the interconnection costs prohibitive. The point is that once the Greenville County Power plant is built, in my opinion it is highly likely that no other plants will be constructed.

Q. What is the economic benefit to Greenville County and to South Carolina?

A. The proposed facility will represent an overall investment of $450 million, will provide significant tax revenues to Greenville County, will create approximately 30 full-time jobs with an annual payroll over $1.5 million, and will create an average of 300 to 500 construction jobs over the two-year construction period. The direct and indirect local impact from the project will be $260 million during the two-year construction period and $300 million over the course of the first 20 years of plant operations. This totals a positive economic impact to the community of $560 million over the first 22 years of construction and operation of the facility.

Q. What are the expected tax revenues to Greenville County?

A. The negotiated fee in lieu of taxes will generate $3.2 million in property tax revenue during the first year of operation, now scheduled for 2004-2005. The fee in lieu of taxes would go down in subsequent years as the equipment depreciates in value, but Greenville County will receive $22.2 million in tax revenues over the next 20 years. The current taxes on the undeveloped property are less than $1,000 annually.

Q. Does the project have the support of Greenville County Council and the other leaders of the County?

A. Yes. County Council Chair Dozier Brooks has written a letter in support of the project, and it also has the support of the Greenville Chamber of Commerce, the Western Carolina Regional Sewer Authority, the City of Greenville, etc. The taxes that will be generated are essential to the continued growth of the County, as well as the Greenville County School District. The revenues will be generated from an industrial investment employing approximately 30 employees. While the expected annual payroll for the plant is expected to be in excess of $1.5 million, the plant will

not be creating a need for services that would require the expenditure of large sums of taxpayer dollars. This creates a "win-win" situation for Greenville County.

Q. When is the Greenville County Power facility proposed to be in operation?

A. It is anticipated that the Greenville County Power facility will begin construction in April, 2002, and will be in operation in April, 2004.

Q. Does this conclude your testimony?

A. Yes, it does.